

EXHIBIT 1

INTRODUCTION

Respondent Barbara Keyani is the Coordinator of Special Projects and Communications for the Santa Barbara School District and the Santa Barbara High School District (the “School District”). As the Special Projects and Communications Coordinator, Respondent is a designated employee of the School District, as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”),¹ and in the School District’s conflict of interest code. As required by the School District’s conflict of interest code, each designated employee of the School District must file an annual statement of economic interests. On the statement of economic interests, the designated employee must disclose the reportable economic interests that he or she held during the preceding calendar year.

In this matter, Respondent failed to disclose reportable income she received for the calendar years 2001 and 2002 on her annual statements of economic interests. For the purposes of this stipulation, Respondent’s violations are stated as follows:

Count 1: As a designated employee of the Santa Barbara School District and the Santa Barbara High School District, Respondent Barbara Keyani failed to properly disclose income on a 2001 annual statement of economic interests filed on June 10, 2002, in violation of Section 87300.

Count 2: As a designated employee of the Santa Barbara School District and the Santa Barbara High School District, Respondent Barbara Keyani failed to properly disclose income on a 2002 annual statement of economic interests filed on April 11, 2003, in violation of Section 87300.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. Section 87302, subdivision (a) provides that an agency’s conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and sources of income.

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the individuals who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the individual's economic interests.

Under Section 87302, subdivision (b), each designated employee must disclose reportable investments, business positions, interests in real property, and income. The information disclosed with respect to reportable investments, interests in real property, and income shall be the same as the information required by Section 87207. Section 87207, subdivision (b) requires that, when a filer's pro rata share of income to a business entity is required to be reported under the economic interest disclosure provisions of the Act, the filer must disclose the name, address, and a general description of the business activity of the business entity, and the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from that person was equal to or greater than Ten Thousand Dollars (\$10,000) during a calendar year.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

SUMMARY OF THE FACTS

Respondent Barbara Keyani is the Coordinator of Special Projects and Communications for the Santa Barbara School District and the Santa Barbara High School District. As the Special Projects and Communications Coordinator, Respondent is a designated employee of the School District, and was required by the School District's conflict of interest code to file an annual statement of economic interests each year. On her statements of economic interests, Respondent was required by the conflict of interest code to disclose her reportable economic interests, which included sources of income of over Ten Thousand Dollars (\$10,000) during the preceding calendar year.

Count 1

Failure to Properly Disclose Income on a Statement of Economic Interests

Respondent and her husband are the sole owners of Hobar Gallery, Inc., a closely held corporation. During 2001, Respondent's husband performed consulting activities for the Santa Barbara School District through Hobar Gallery, Inc., so Hobar Gallery, Inc. received \$16,730 in compensation from the School District for his services. Because Respondent is a co-owner of the corporation, and the corporation received compensation in excess of \$10,000 during the 2001 calendar year from the school district, Respondent was required by the School District's conflict of interest code to disclose that income, and its source, on her 2001 annual statement of economic interests. Respondent filed a 2001 annual statement of economic interests with the school district on or about June 10, 2002. However, Respondent did not disclose the income received by Hobar Gallery, Inc. from the School District on her 2001 annual statement.

By failing to disclose income that Hobar Gallery, Inc. received from the School District on her 2001 annual statement of economic interests, Respondent violated Section 87300.

Count 2

Failure to Properly Disclose Income on a Statement of Economic Interests

As noted in the discussion of Count 1, Respondent and her husband are the sole owners of Hobar Gallery, Inc., a closely held corporation. During 2002, Respondent's husband performed consulting activities for the Santa Barbara School District through Hobar Gallery, Inc., so Hobar Gallery, Inc. received \$19,560 in compensation from the School District for his services. Because Respondent is a co-owner of the corporation, and the corporation received compensation in excess of \$10,000 during the 2002 calendar year from the School District, Respondent was required by the School District's conflict of interest code to disclose that income, and its source, on her 2002 annual statement of economic interests. Respondent filed a 2002 annual statement of economic interests with the School District on or about April 11, 2003. However, Respondent did not disclose the income received by Hobar Gallery, Inc. from the School District on her 2002 annual statement.

By failing to disclose income that Hobar Gallery, Inc. received from the School District on her 2002 annual statement of economic interests, Respondent violated Section 87300.

CONCLUSION

This matter consists of two counts of violating section 87300, which carry a maximum administrative penalty of Ten Thousand Dollars (\$10,000).

Non-disclosure on a statement of economic interests is a serious violation. During the time in question, the public was not aware of the full extent of Respondent's sources of income, especially the fact that Respondent was receiving significant additional income from the School District by whom she was employed, by virtue of the School District's payments to Hobar Gallery, Inc.

Historically, cases involving economic non-disclosure have been resolved with an administrative penalty within a range of \$1,500 to \$2,000 for each violation. In this matter, there was no evidence that Respondent was intentionally trying to conceal her connection to Hobar Gallery, Inc., and Respondent has not been found to have previously violated the Act. Additionally, Respondent had no apparent involvement in the decision by the School District to retain the services of Respondent's husband. Nonetheless, the public was deprived of important information regarding Respondent's financial activities. Disclosure by Respondent of the income that Hobar Gallery, Inc. received from the School District during each reporting period would have put the public on notice about the personal benefit Respondent was receiving from the relationship between the School District and Hobar Gallery, Inc., and thus alerted the public to watch for any possible influence Respondent may have exerted regarding that relationship. In the absence of the required disclosure, such vigilance was not promoted.

The facts of this case, including the factors mentioned above, justify imposition of the agreed upon penalty of \$1,500 for each violation, for a total administrative penalty of Three Thousand Dollars (\$3,000).